

BEFORE THE ARIZONA CORPORATION COMMISSION

COMMISSIONERS

ROBERT "BOB" BURNS - Chairman
BOYD DUNN
SANDRA D. KENNEDY
JUSTIN OLSON
LEA MÁRQUEZ PETERSON

In the matter of:)	DOCKET NO. S-21122A-20-0284
SETH JARDINE and CAROLINE JARDINE,)	
husband and wife,)	TEMPORARY ORDER TO CEASE AND
ECOVISTA DEVELOPMENT, LLC, an)	DESIST AND NOTICE OF
Arizona limited liability company,)	OPPORTUNITY FOR HEARING
ECOVISTA AVONDALE, LLC, an Arizona)	
limited liability company,)	
Respondents.)	

NOTICE: THIS ORDER IS EFFECTIVE IMMEDIATELY

EACH RESPONDENT HAS 20 DAYS TO REQUEST A HEARING

EACH RESPONDENT HAS 30 DAYS TO FILE AN ANSWER

The Securities Division ("Division") of the Arizona Corporation Commission ("Commission") alleges that Respondents Seth Jardine, EcoVista Development, LLC, and EcoVista Avondale, LLC are engaging in or are about to engage in acts and practices that constitute violations of A.R.S. § 44-1801, *et seq.*, the Arizona Securities Act ("Securities Act"), and that the public welfare requires immediate action.

The Division also alleges that Seth Jardine is a person controlling EcoVista Development LLC, and EcoVista Avondale LLC, within the meaning of A.R.S. § 44-1999(B), so that they are jointly and severally liable under A.R.S. § 44-1999(B) to the same extent as EcoVista Development, LLC and EcoVista Avondale, LLC for their violations of the antifraud provisions of the Securities Act.

I.

JURISDICTION

1. The Commission has jurisdiction over this matter pursuant to Article XV of the Arizona Constitution, and the Securities Act.

II.

RESPONDENTS

2. Seth Jardine ("Jardine") was at all relevant times a resident of the state of Arizona. Caroline Jardine was at all relevant times the spouse of Respondent Seth Jardine. Caroline Jardine is joined in this action under A.R.S. §44-2031(C).

3. EcoVista Development, LLC ("EcoVista Development") is a limited liability company organized under the laws of the state of Arizona on or around July 16, 2015. EcoVista Development is a manager-managed company and Jardine is the sole manager. Jardine has held himself out as the CPA and President of EcoVista Development since around 2015. EcoVista Development is a member of EcoVista Investor Fund, LLC, EcoVista Saguaro Trails, LLC, and EcoVista Skyline Vista Apartments, LLC. EcoVista Development is the manager of EcoVista Avondale, LLC, EcoVista Lone Mountain, LLC, and EcoVista Skyline Vista Apartments, LLC.

4. EcoVista Avondale, LLC ("EcoVista Avondale") is a limited liability company organized under the laws of the state of Arizona on or around June 19, 2020. EcoVista Avondale is a manager-managed company and EcoVista Development is the sole manager.

5. At all relevant times, Jardine and Caroline Jardine were acting for their own benefit and on behalf of and for the benefit of the marital community.

6. Jardine, EcoVista Development, and EcoVista Avondale, LLC may be referred to collectively as "Respondents."

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III.**FACTS**

7. Respondents posted at least 69 separate advertisements on 14 different dates between May 20, 2019 and September 22, 2020 on craigslist.org, an online classifieds website. All of the posts were posted in Phoenix-area pages and related to real estate investment opportunities. As of September 24, 2020, Respondents have at least 4 active advertisements listed on Craigslist.

8. On or around June 11, 2020, Respondents published an advertisement titled "INVEST IN AZ REAL ESTATE DEVELOPMENT PROJECTS!" on Craigslist. The post was published in several Phoenix-area pages under the Financial Services and Real Estate Services categories.

9. On June 23, 2020, an Arizona resident ("Offeree") responded to the Craigslist advertisement via email. The email stated in part "I saw your add [sic] on Craigslist and would like to know more about investment opportunities. Let me know when it would be a good time to hear more."

10. On July 1, 2020, Offeree received a reply. Jardine responded to the Offeree and provided a contact number (480) 215-6088. Jardine stated "I just got back into town and am following up on my messages. Were you still interested and did you want to talk about our projects?"

11. On July 17, 2020, Offeree received another email from Jardine stating "We are opening up investment in the attached project. If you have any interest, please let me know, and we can discuss it." The email included an attachment brochure ("Brochure") on EcoVista Development letterhead that described the "Avondale's River Grove Apartments Project."

12. On August 27, 2020, Offeree contacted Jardine at (480) 215-6088. Offeree told Jardine he had \$25,000 to invest, but he was very inexperienced and needed something safe to invest in. Jardine told Offeree the investment was not high risk, and that there could be some risk, but he (Jardine) was experienced and not to worry. Jardine also explained that the Offeree would not be able to withdraw his investment until the project was completed and sold to a buyer. Jardine estimated this would be about 12-18 months.

1 13. Jardine followed up the phone conversation with the Offeree with an email. The email
2 was sent from seth@ecovistahomes.com and stated in part:

3 a) “Attached is the Operating Agreement on the townhome project in Avondale
4 we are working on now. . . On the very last page, you will see the Form we use to accept new
5 members into the Partnership.”

6 b) “We signed the land contracts on July 22.”

7 c) “At this time, we are accepting investments into either our Class B or our Class
8 f membership classes.”

9 14. As of September 24, 2020, there are no contracts recorded with the Maricopa County
10 Recorder’s Office on the parcel identified in the Brochure.

11 15. The email signature block stated in part “Seth Jardine, CPA.” Attached was a 47-page
12 document titled “OPERATING AGREEMENT OF ECOVISTA AVONDALE LLC DATED JUNE
13 1, 2020” (“Operating Agreement”).

14 16. Jardine failed to disclose that his CPA certificate was suspended from May 30, 2020
15 to September 1, 2020.

16 17. Jardine emailed Offeree on August 31, 2020 with more information on the River
17 Grove project and again on September 3, 2020 to see if Offeree had any questions. Offeree responded
18 on September 8, 2020 and inquired about what would happen to his capital contribution if the project
19 falls through and if Respondents build the townhomes or if they sell the land before the townhomes
20 are built. Jardine responded on September 8, 2020, stating in part, “It really isn’t a case of the project
21 ‘falling through.’ We are increasing the value of the land by taking it through the rezoning and
22 entitlement processes with the City. . . When we are done, the land will be worth substantially more
23 than what we are buying it for.” Jardine also clarified “We are NOT building the townhomes. . . Our
24 job is really to tee up the land and project for the builder.”

25 18. In his September 8, 2020 email, Offeree also expressed concerns regarding who
26 owned the property in question. Jardine responded “We don’t own the land yet. It is just under

1 contract. . . we have about a year in which we control the land and can do work with the City on it
2 before we have to actually purchase it. . . Our goals on this project is to actually sell the land to a
3 buyer who will then pay for the land before we need to close on it, but that is a best-case scenario."

4 *EcoVista Development Brochure*

5 19. The Brochure included a description about EcoVista Development that stated in part:

6 a) "We annex, rezone, and entitle land to sell to Home and Apartment Builders."

7 b) "We seek only high-margin and low-risk deals, and we discard most of the
8 deals that come our way. If deals are too risky or the rates of return are too low, we avoid investing
9 in those deals."

10 c) "After selecting a deal, our team of specialists works with neighborhoods,
11 cities, and Builders to develop the land in a way where all parties benefit."

12 20. The Brochure provided three investment options:

13 a) "Option 1: Preferred Interest Partner (Rates ranging from 8% - 20%)"

14 b) "Option 2: Profit Sharing Partner"

15 c) "Option 3: Any combination of Option 1 and Option 2"

16 21. The Brochure stated the investment term is approximately 12-24 months, the
17 minimum cash investment is \$25,000, and the minimum IRA/SEP/Self Directed IRA investment is
18 \$25,000.

19 22. The second page of the Brochure was titled "River Grove Apartments by EcoVista
20 Avondale LLC Project Unit Mix, Pro Forma, Capital Requirements, and Estimated Return." This
21 page identified the "Total Capital Required" as \$2,560,000 and the "Net Project Profit" as
22 \$1,929,600.

23 23. The third page of the Brochure was titled "Project Data & Tabulations." This page
24 included an architect's rendering of the property slated for the River Grove Apartment Community.
25 The Assessor's Parcel Number ("APN") for the land is 500-31-007F. According to the Maricopa
26 County Assessor's Office, the current owner of this land parcel is Zuheir Properties Inc./AR & AR

1 Inc., an entity not associated with Jardine, and the full cash value of the land parcel for the tax year
2 2021 is \$1,882,500.

3 24. The first page of the Brochure lists EcoVista Development's contact information at
4 the bottom of the page. The address given is in Scottsdale, AZ, with a phone number (480) 215-6088.
5 Its website is www.ecovistahomes.com.

6 *EcoVista Development Website*

7 25. The home page of EcoVista Development's website states "[w]e find, entitle, rezone,
8 and develop land for interested home and apartment buildings" and gives visitors a section to enter
9 their name, email address, and phone number under "Would you like to learn more about our
10 projects?"

11 26. The page titled "Recent Projects" has four links: Saguaro Trails, Forest Pleasant
12 Estates, Avondale Apartments, and Mesa Apartments. Saguaro Trails and Forest Pleasant Estates are
13 shown as "Sold – Under Contract" while Avondale Apartments and Mesa Apartments state "Details
14 Coming Soon!"

15 27. The page titled "Our Team," identifies Jardine as "CPA, President" and Vaughn
16 Wilhelm as "MBA, Vice President." Jardine's biography states in part "Since 2005, Seth has operated
17 his own CPA Firm in Arizona and has also worked as an outsourced Controller for many companies."

18 28. The website fails to disclose that Jardine's CPA certificate was suspended from May
19 30, 2020 to September 1, 2020. Additionally, the website fails to disclose the registration for
20 Jardine's accounting firm, Remote Accounting, PLC, has been revoked since January 19, 2018.

21 29. EcoVista Development has also started an online crowdfunding campaign titled
22 "EcoVista Development LLC" on equitynet.com, an online crowdfunding platform for
23 entrepreneurs. The campaign lists the address as Scottsdale, AZ 85251 with the website
24 www.ecovistahomes.com. The campaign funding goal is \$2,000,000 and as of September 1, 2020,
25 there has been \$50,000 committed to the campaign. The campaign lists the "Funding Type" as "Debt
26 Financing." This campaign is still active as of September 24, 2020.

EcoVista Avondale Operating Agreement

30. Section 1.2 of the Operating Agreement states “the Company [EcoVista Avondale] shall always be operated in a manner consistent with its treatment as a ‘partnership’ for federal and state income tax purposes.” The Operating Agreement creates nine classes of members: Class A Voting Members, and Classes B-I Non-Voting Members.

31. Section 1.7 states Class A Voting Members “shall have the right to vote on business issues and affairs of this Company.” Class A Members receive any remaining profits and/or losses of the Company after Preferred Interest and Profit-Sharing Members have been paid. Class B Non-Voting Members “shall not have the right to vote on any issues regarding the business and affairs of this Company.” Class B Members share in the profits and/or losses of the company. Classes C-I Non-Voting Members “shall not have the right to either participate in management or vote on any issues regarding the business and affairs of this Company.” Class C-I Members receive a Preferred Interest rate applied to their capital contributions, with Class C receiving 8% per annum and each subsequent class receiving an additional 2% with Class I Members receiving 20% per annum. EcoVista Development is the only Class A Voting Member of EcoVista Avondale.

32. Section 3.1 states “[t]he business and affairs of the Company shall be managed exclusively by the Manager.” Section 3.2 designates EcoVista Development as the sole Manager of EcoVista Avondale, making EcoVista Development the sole Voting Member and Manager of EcoVista Avondale. Section 3.11 of the Operating Agreement assigns a \$5,000 per month Management Fee to the Manager.

33. Section 2.4 states “there is no agreement for, nor time set for, the return of any Capital Contribution of any Member.”

34. Section 2.4 of the Operating Agreement contradicts the time frame of the investment provided to Offeree by Jardine during their August 27, 2020 phone conversation and the time frame advertised in the Brochure.

1 35. The Operating Agreement fails to disclose the securities are not registered with the
2 Commission and fails to disclose the consequences of not being registered.

3 *Pending Civil Lawsuit*

4 36. Respondents have failed to meet their financial obligations with at least one prior
5 investor. On October 16, 2019, Plaintiff filed a Complaint in Maricopa County Superior Court
6 against Seth and Caroline Jardine and EcoVista Development, alleging Breach of Contract and
7 Unjust Enrichment. Plaintiff loaned Jardine and EcoVista Development \$45,000 in exchange for an
8 unsecured promissory note, dated October 15, 2018. Plaintiff alleged Respondents failed to honor
9 the promissory note and as of August 19, 2019, Respondents owed Plaintiff \$51,749.83.

10 37. The promissory note stated Respondents shall pay Plaintiff the principal \$45,000 on
11 or before the maturity date of October 15, 2019, or the sale trigger date, whichever is earlier. It also
12 stated Respondents shall pay interest at a rate of 30% per annum and a monthly interest-only payment
13 of \$1,125.00, beginning November 15, 2018 and paid on the 15th of each month until the maturity
14 date or the note was paid in full.

15 38. After the complaint was filed, the Respondents began making payments and Plaintiff
16 dismissed the lawsuit. However, Respondents stopped payments, and Plaintiff filed a new Complaint
17 on August 24, 2020 alleging as of August 2, 2020, Respondent's owed Plaintiff \$27,295.87.

18 39. The real properties associated with the promissory note are still owned by EcoVista
19 Saguaro Trails, LLC and EcoVista Lone Mountain, LLC; both companies are associated with
20 Jardine. Jardine failed to disclose to the Offeree that at least one of these properties had unforeseen
21 zoning issues that caused additional financial obligations.

22 40. Upon information and belief, there are additional investors who invested with
23 Respondents on, around, or after the time Plaintiff invested.

24 41. Respondents failed to disclose to Offeree the pending lawsuit or their outstanding
25 debt on prior real estate projects.

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IV.

VIOLATION OF A.R.S. § 44-1841

(Offer and Sale of Unregistered Securities)

42. From on or about June 23, 2020, Respondents have been offering or selling securities in the form of investment contracts and profit-sharing agreements, within or from Arizona.

43. The securities referred to above are not registered pursuant to Articles 6 or 7 of the Securities Act.

44. This conduct violates A.R.S. § 44-1841.

V.

VIOLATION OF A.R.S. § 44-1842

(Transactions by Unregistered Dealers or Salesmen)

45. Respondents are offering or selling securities within or from Arizona while not registered as dealers or salesmen pursuant to Article 9 of the Securities Act.

46. This conduct violates A.R.S. § 44-1842.

VI.

VIOLATION OF A.R.S. § 44-1991

(Fraud in Connection with the Offer or Sale of Securities)

47. In connection with the offer or sale of securities within or from Arizona, Respondents are, directly or indirectly: (i) employing a device, scheme, or artifice to defraud; (ii) making untrue statements of material fact or omitting to state material facts that are necessary in order to make the statements made not misleading in light of the circumstances under which they are made; or (iii) engaging in transactions, practices, or courses of business that operate or would operate as a fraud or deceit upon offerees and investors. Respondents' conduct includes, but is not limited to, the following:

a) Jardine and EcoVista Development failed to disclose to Offeree a pending lawsuit related to a prior investment opportunity.

1 b) Jardine failed to disclose to Offeree his CPA certificate was suspended from
2 May 30, 2020 to September 1, 2020, and despite claiming on the website he operates his own CPA
3 firm, the registration for his accounting firm, Remote Accounting, PLC, has been revoked since
4 January 19, 2018.

5 c) Respondents misrepresented to Offeree the time frame of his investment and
6 provided contradicting statements in Section 2.4 of the Operating Agreement, the Brochure, and
7 the August 27, 2020 phone conversation with Offeree.

8 d) Jardine represented to Offeree there was some risk associated with the
9 investment but failed to disclose the risks associated with land contracts and financing
10 improvements on land the Respondents do not own, as well as the risks involved with the
11 entitlement and rezoning processes.

12 48. This conduct violates A.R.S. § 44-1991.

13 **VII.**

14 **CONTROL PERSON LIABILITY PURSUANT TO A.R.S. § 44-1999**

15 49. From at least July 16, 2015 through at least September 24, 2020, Jardine has been
16 and/or held himself out as Manager and President of EcoVista Development, LLC.

17 50. From at least July 16, 2015 through at least September 24, 2020, Jardine directly or
18 indirectly controlled EcoVista Development, LLC, within the meaning of A.R.S. § 44-1999.
19 Therefore, Jardine is jointly and severally liable to the same extent as EcoVista Development, LLC
20 for its violations of A.R.S. § 44-1991 from at least July 16, 2015 through at least September 24,
21 2020.

22 51. From at least June 19, 2020 through at least September 24, 2020, Jardine has been
23 and/or held himself out as Manager and President of EcoVista Development, LLC, which is the
24 sole Manager and Voting Member of EcoVista Avondale, LLC.

25 52. From at least June 19, 2020 through at least September 24, 2020, Jardine directly or
26 indirectly controlled EcoVista Avondale, LLC, within the meaning of A.R.S. § 44-1999.

1 Therefore, Jardine is jointly and severally liable to the same extent as EcoVista Avondale, LLC for
2 its violations of A.R.S. § 44-1991 from at least July 16, 2015 through at least September 24, 2020.

3 **XIII.**

4 **TEMPORARY ORDER**

5 **Cease and Desist from Violating the Securities Act**

6 THEREFORE, based on the above allegations, and because the Commission has determined
7 that the public welfare requires immediate action,

8 IT IS ORDERED, pursuant to A.R.S. § 44-1972(C) and A.A.C. R14-4-307, that Respondents,
9 their agents, servants, employees, successors, assigns, and those persons in active concert or
10 participation with Respondents CEASE AND DESIST from any violations of the Securities Act.

11 IT IS FURTHER ORDERED that this Temporary Order to Cease and Desist shall remain in
12 effect for 180 days unless sooner vacated, modified, or made permanent by the Commission.

13 IT IS FURTHER ORDERED that if a request for hearing is made, this Temporary Order shall
14 remain effective from the date a hearing is requested until a decision is entered unless otherwise
15 ordered by the Commission.

16 IT IS FURTHER ORDERED that this Order shall be effective immediately.

17 **XIV.**

18 **REQUESTED RELIEF**

19 The Division requests that the Commission grant the following relief:

20 1. Order Respondents to permanently cease and desist from violating the Securities Act,
21 pursuant to A.R.S. § 44-2032;

22 2. Order Respondents to take affirmative action to correct the conditions resulting from
23 Respondents' acts, practices, or transactions, including a requirement to make restitution pursuant to
24 A.R.S. §§ 44-2032;

25 3. Order Respondents to pay the state of Arizona administrative penalties of up to five
26 thousand dollars (\$5,000) for each violation of the Securities Act, pursuant to A.R.S. § 44-2036;

4. Order any other relief that the Commission deems appropriate.

XV.

HEARING OPPORTUNITY

Each respondent, including Respondent Spouses, may request a hearing pursuant to A.R.S. § 44-1972 44-3212 and A.A.C. Rule 14-4-307. **If a Respondent or Respondent Spouse requests a hearing, the requesting respondent must also answer this Temporary Order and Notice.** A request for hearing must be in writing and received by the Commission within 20 days after service of this Temporary Order and Notice. The requesting Respondent must deliver or mail the request for hearing to Docket Control, Arizona Corporation Commission, 1200 West Washington, Phoenix, Arizona 85007. Filing instructions may be obtained from Docket Control by calling (602) 542-3477 or on the Commission's Internet web site at <http://www.azcc.gov/hearing>.

If a request for hearing is timely made, the Commission shall schedule a hearing to begin 10 to 30 days from the receipt of the request unless otherwise provided by law, stipulated by the parties, or ordered by the Commission. **Unless otherwise ordered by the Commission, this Temporary Order shall remain effective from the date a hearing is requested until a decision is entered.** After a hearing, the Commission may vacate, modify, or make permanent this Temporary Order, with written findings of fact and conclusions of law. A permanent Order may include ordering restitution, assessing administrative penalties, or other action.

If a request for hearing is not timely made, the Division will request that the Commission make permanent this Temporary Order, with written findings of fact and conclusions of law, which may include ordering restitution, assessing administrative penalties, or other relief.

Persons with a disability may request a reasonable accommodation such as a sign language interpreter, as well as request this document in an alternative format, by contacting Carolyn D. Buck, ADA Coordinator, voice phone number (602) 542-3931, e-mail cdbuck@azcc.gov. Requests should be made as early as possible to allow time to arrange the accommodation.

XVI.

ANSWER REQUIREMENT

Pursuant to A.A.C. R14-4-305, if a Respondent or Respondent Spouse requests a hearing, the requesting respondent must deliver or mail an Answer to this Temporary Order and Notice to Docket Control, Arizona Corporation Commission, 1200 W. Washington, Phoenix, Arizona 85007, within 30 calendar days after the date of service of this Temporary Order and Notice. Filing instructions may be obtained from Docket Control by calling (602) 542-3477 or on the Commission's Internet web site at <http://www.azcc.gov/hearing>.

Additionally, the answering Respondent must serve the Answer upon the Division. Pursuant to A.A.C. R14-4-303, service upon the Division may be made by mailing or by hand-delivering a copy of the Answer to the Division at 1300 West Washington, 3rd Floor, Phoenix, Arizona, 85007, addressed to Elizabeth Schmitt.

The Answer shall contain an admission or denial of each allegation in this Temporary Order and Notice and the original signature of the answering respondent or the respondent's attorney. A statement of a lack of sufficient knowledge or information shall be considered a denial of an allegation. An allegation not denied shall be considered admitted.

When the answering Respondent intends in good faith to deny only a part or a qualification of an allegation, the Respondent shall specify that part or qualification of the allegation and shall admit the remainder. Respondent waives any affirmative defense not raised in the Answer.

The officer presiding over the hearing may grant relief from the requirement to file an Answer for good cause shown.

BY ORDER OF THE ARIZONA CORPORATION COMMISSION, this 24th day of September 2020.


Wendy Coy
Assistant Director of Securities